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Sugar Annual

Report

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Report Highlights:

Sugar beet planting for MY 2013/14 is forecast lower, yielding 15.9 million MT of raw sugar for food use, plus 2.4 million MT of out-of-quota production for industrial uses. In MY 2012/13, EU quota sugar production is estimated at 15.6 million MT, compared to 18.1 million MT in MY 2011/12. For MY 2013/14, as well as for MY 2012/13, EU sugar imports are forecast at 3.8 million MT and exports at 1.5 million MT. In MY 2011/12, imports were 3.4 million MT and exports 2.3 million MT.

EU sugar prices still exceed €700/ MT for refined sugar because spot market supplies remain strained, especially for raw sugar imports. This has induced the Commission to agree new

exceptional measures for 1.2 million MT for MY 2012/13, after they reached over 1 million MT and 0.8 million MT in MY 2011/12 and MT 2010/11 respectively.

The CAP reform debate about the end of the EU sugar production quota is entering its decisive negotiation phase, with the three EU institutions divided on the issue because of recent years' supply problems.

Executive Summary:

The EU is plagued by a highly regulated system that has hindered its ability to react to the supply shortfalls seen over the last few years. European raw sugar imports from ACP and Least Developed Countries continue to remain below expectations, especially for the full-time refining industry. This has led to intensive competition between importers of raw sugar, driving up prices. This competition for supplies of raw sugar has also driven up tendered import duties for imports into the EU's additional import quotas as part of the Commission's exceptional measures to relax sugar supply constraints for the EU food sector. By early 2012, EU domestic sugar prices continued to increase while world market prices for sugar started to retreat. Currently, world sugar prices have dropped below the EU reference price, while EU domestic prices are still keeping up above €700/MT. This is in spite of the Commission's exceptional measures, adding 1.2 million MT of sugar to MY 2012/13 supplies, and stable domestic sugar consumption slightly above 18 million MT.

EU sugar production for food in MY 2013/14 is forecast at 15.9 million MT. Sugar beet planting for MY 2013/14 is forecast slightly lower, especially in Germany, yielding an additional 2.6 million MT of out-of-quota production for industrial uses. EU sugar production for food in MY 2012/13 is estimated at 15.6 million MT, compared to 18.1 million MT in MY 2011/12. Sugar import forecasts for MY 2013/14 and MY 2012/13 amount to 3.8 million MT, while imports in MY 2011/12 ended at 3.4 million MT, of which almost 1 million MT as refined sugar. EU sugar exports for MY 2013/14 are forecast at 1.5 million MT, the same as for MY 2012/13. Sugar exports for MY 2011/12 ended at 2.35 million MT.

The accession of Croatia to become the 28th member of the European Union is on course for July 1, 2013 and will have some impact on EU sugar imports, as its preferential export quota to the EU of 180,000 MT ends and a 3-year transitional 40,000 MT is opened in compensation. Additional sugar imports will start from MY 2012/13 onwards, as several EU FTAs come online, starting with Peru, Colombia and Central America.

The CAP reform debate about the end of EU sugar production quotas is entering its decisive negotiation phase, with the three EU institutions divided on the issue because of recent supply problems.

Commodities:

Sugar, Centrifugal

Production:

Note: The EU Sugar Production Quota Regime.

The EU sugar market is heavily regulated. The 2007 Sugar Reform limited total EU production quotas for food purposes to 13.3 million MT of white sugar equivalent, which amounts to 14.5

million MT in raw sugar equivalent (RSE). Sugar production quotas are by MS and include a small quota for cane sugar production in overseas territories (DOM) for France and Portugal. Additional production is considered “out-of-quota.” EU sugar processors in MS have four options to market sugar produced out-of-quota:

- Exports: pending availability of EU export licenses, which are limited to the EU WTO sugar export ceiling of 1.35 million MT (of refined sugar).
- Disposal on the EU market for industrial purposes: for example, for fermentation by the biochemical industry or for bio-ethanol production.
- Release on the EU domestic market: this option carries a levy of €500 per MT, unless the EU decides to waive all or part of the levy through exceptional sugar market management measures.
- Carry-over into the following production year: counts towards the quota production for that year.

Isoglucose is not a competitor for sugar in food. Quotas for isoglucose, such as HFCS, are tied to sugar quotas at 5 percent.

Farmers are also protected against competition from cane sugar by high tariffs and import quotas. A rigid import license system governs preferential duty-free imports from Least Developed Countries (LDC) under the Everything-But-Arms agreement limiting imports by a safeguard of 3.5 million MT white sugar equivalents.

Food Use Production Decreasing after Record MY 2011/12.

Marketing year (MY) 2013/14 EU sugar production is forecast at 15.9 million MT, with reductions in beet acreage in those member states (MS) that are expected to have significant quantities of unsold sugar at the end of MY 2012/13. To avoid high out-of-quota production, farmers in Germany are forecast to significantly decrease sugar beet acreage in 2013, with smaller decreases forecast in Poland, Romania and the United Kingdom, while Italy is forecast to increase its sugar beet acreage (See below table).

MY 2012/13 production saw a suboptimal growing season with little sunshine in the summer of 2012, followed by a wet beet maturing season. Estimated production includes 0.6 million MT of additional supply allowed by Commission exceptional measures for MY 2012/13. EU sugar production for food use during MY 2012/13 reached 15.6 million MT RSE, a decrease of 2.5 million MT compared to MY 2011/12. The decrease represents a draw down in the allowable portion of the MY 2012/13 crop that went into food use during that MY. Less of MY 2012/13 production could go into food because 0.85 million MT was carried over from the high production levels in MY 2011/12.

The final production for MY 2011/12 was reduced slightly downwards to 18.1 million MT as a result of an update of MS data at the end of the marketing year.

EU sugar beet production									
	Thousand Hectares			Beet Yield/Ha			Sugar Content		
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Austria	46.4	49.3	50.0	72.1	63.0	71.0	17.80	16.66	17.20
Belgium	62.2	61.6	61.5	75.6	73.7	80.0	17.80	18.04	18.10
Denmark	40.0	41.0	41.0	67.5	67.6	67.7	18.00	18.00	18.00
Finland	14.1	11.7	11.5	47.9	34.8	40.0	16.50	16.50	16.50
France	393.0	390.0	390.0	9.5	8.6	8.8	18.80	18.40	18.50
Germany	398.1	402.1	370.0	74.6	70.1	68.7	18.00	18.30	18.00
Greece	6.0	9.2	9.0	67.8	65.0	64.3	13.50	13.50	13.50
Italy	45.5	52.5	59.5	54.9	49.1	51.3	16.61	17.00	17.00
Netherlands	73.3	72.0	71.8	79.9	79.6	80.0	17.00	17.10	17.20
Spain	42.8	37.3	38.0	90.5	85.9	84.0	18.21	17.71	17.88
Sweden	39.6	39.0	39.0	63.0	55.8	60.0	17.50	17.50	17.50
U.K.	112.5	117.3	115.0	75.6	62.5	66.0	18.44	17.00	18.00
Czech R.	59.3	60.0	60.1	71.3	59.0	70.0	17.32	17.30	16.90
Hungary	14.4	17.2	16.0	55.0	44.1	50.0	16.80	16.80	16.50
Lithuania	17.6	19.2	19.0	49.8	52.2	48.5	17.40	17.00	16.80
Poland	190.0	192.9	190.0	61.1	63.6	58.0	18.00	17.20	17.00
Slovak R.	18.1	19.8	18.0	63.1	52.0	52.0	18.05	16.90	16.75
Romania	18.8	28.0	22.0	35.1	22.0	28.0	22.00	21.20	21.00
Total EU-15	1273.9	1283.4	1256.3						
Total NMS	318.2	337.1	325.1						
Total EU-27	1592.1	1620.5	1581.4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Source: FAS EU Posts

Additional Production beyond the EU Quota Regime for Non-food Uses.

MY 2013/14 is forecast to see decreases in sugar beet production acreage. High carry-over amounts seen in the last MY prompted processors in several MS to discourage farmers from producing at the same levels. Out-of-quota production for MY 2013/14 is forecast at 2.6 million MT. This amount does not forecast whether the EU will take exceptional measures or carry over unsold out-of-quota sugar from MY 2012/13.

Total EU beet sugar production, for food and non-food out-of-quota production in MY 2012/13, is 18.7 million MT, a decrease of 1.6 million MT from MY 2011/12. However, because 0.85 million MT of out of quota production was carried over from MY 2011/12 into MY 2012/13 for food use, the out-of-quota sugar for industrial uses saw an increase in MY 2012/13, even though total sugar beet production was higher in the previous marketing year.

Problems in the management of sugar supplies through production quotas and imports prompted increases in prices of sugar for food use. Reportedly, some processors speculated correctly that the Commission would allow more out-of-quota sugar for food use without the levy in MY 2011/12. During MY 2012/13, processors will continue to see high EU domestic prices for food use sugar, while prices may become more favorable for bio-ethanol uses as a way to utilize the high out-of-quota sugar supply.

EU Beet Sugar Production (raw value)				
	in 000 MT	2011/12	2012/13	2013/14
EU Regulated Beet Sugar Market*		17,833	15,341	15,660
Unregulated Over-Quota Production for Industrial Uses**		2,431	3,318	2,644
Total EU Beet Sugar Production		20,264	18,659	18,304

* Includes fresh within-quota production and out-of-quota production released to the EU food market, plus out-of-quota production that is exported.

** Includes total out-of quota production, minus out-of-quota production released to the EU food market and out-of-quota production that is exported.

Consumption:

European sugar consumption remains steady at just above 18 million MT, increasing slowly over the years in line with the population. This stability is the direct result of the strict market management under the EU sugar regime with its fixed sugar production quota and prohibitively high import tariffs protecting the EU domestic market from the world market. Some 70 percent of EU sugar consumption is from the food processing sector, with the remaining 30 percent for direct sugar consumption. Sugar consumption for exports of processed products is also steady as it is bound by the same supply constraints and may prove uncompetitive on the world market when world market sugar prices are lower than EU prices, as is currently the case.

Trade:

Imports

MY 2013/14 sugar imports are forecast to remain at 3.8 million MT, of which 1 million MT is imported as refined sugar. New sugar imports as a result of FTAs with Peru, Columbia and Central America as well as 40,000 MT as a [transitional measure](#) [1] when Croatia joins the EU, are forecast to offset the end of 180,000 MT of refined sugar imports from Croatia.

EU sugar imports for MY 2012/13 are expected to reach 3.8 million MT, with imports of refined sugar expected at 1 million MT. This includes 0.6 million MT of additional imports that the Commission already agreed to under exceptional import tenders.

EU sugar imports in MY 2011/12 ended at 3.4 million MT, 0.4 million MT lower than previously anticipated as refined sugar imports ended significantly lower, due to challenges importers faced when the Commission cancelled three previously announced import tenders and released an additional 250,000 MT of out-of-quota sugar for food use. Imports under the exceptional measure tenders at reduced duty reached 0.4 million MT (See policy section below).

Exports

Since exports are limited by the EU's WTO sugar export ceiling, European sugar exports for MY 2013/14 are forecast at 1.5 million MT, almost all of it as refined sugar. The same level of exports is expected for MY 2012/13 due to the export ceiling. EU sugar exports for MY 2011/12 ended at 2.35 million MT.

^[1] Commission Implementing Regulation (EU) No 170/2013 - <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:055:0001:0008:EN:PDF>

Stocks:

Assuming no exceptional measures by the Commission, MY 2013/14 EU sugar ending stocks are forecast at 3.2 million MT.

Ending stocks in MY 2012/13 are estimated down at 3 million MT, from the previous 4.4 million MT. Production decreased due to growing conditions and the unsold out of quota carried over from the previous MY.

Sugar ending stocks for MY 2011/12 were 3.1 million MT, or about 0.5 million MT lower than previously anticipated, due to the final review of sugar production and lower sugar imports than anticipated.

Policy:

EU sugar policy is highly regulated with the goal of protecting EU farmers. It includes a production quota system by MS. If sugar beet production exceeds the quota, the out-of-quota production must go into industrial uses, mostly biofuel production, or be applied to the quota for the following MY. Otherwise, the sugar is subject to a €500 levy if sold for food.

The Commission has at its disposal the ability to create exceptional measures, where it can reduce the levy applied against over-quota production sold for food uses and reduce import duties for non-preferential imports. In some cases, the Commission will seek to balance the exceptional measures for political reasons with 50 percent of over-quota sugar and 50 percent of imported sugar by quantity.

Strained EU Sugar Import Supplies Lead to Market Volatility and Increased Domestic Prices

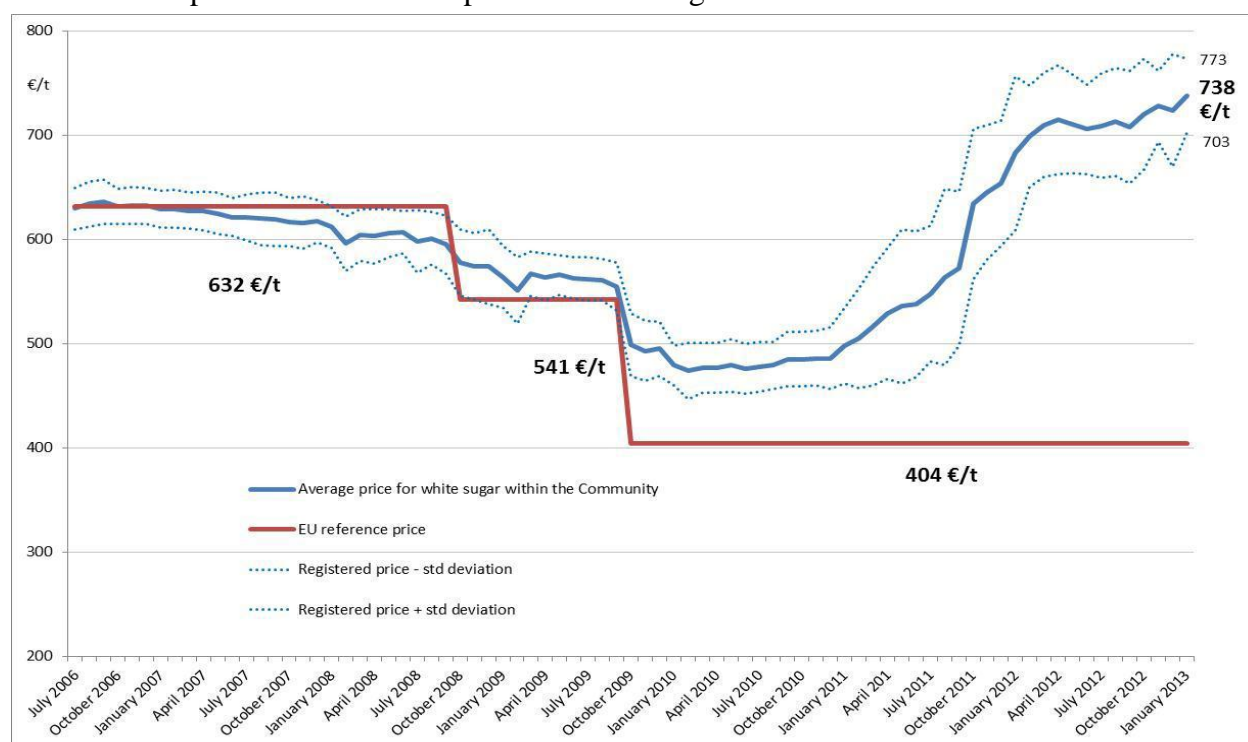
The 2007 EU [Sugar Reform](#) [1] changed the EU from a major sugar exporter into a major sugar importer. The EU made this policy change in an effort to avoid the chronic violation of its WTO sugar export commitment after losing a WTO case. The EU erred when it assumed that duty-free sugar imports from ACP [2] countries and Least Developed Countries (LDC) under the Everything-But-Arms [3] (EBA) agreement would fill domestic production gaps. However, imports did not materialize after these countries were relieved from a supply obligation when the Cotonou [4] agreement ended in 2009. Reportedly, sugar production in many of these countries decreased as their competitiveness was affected by the end of EU guaranteed prices and domestic and regional demands for sugar increased as these countries become more developed. Imports from other sources haven't materialized because of the EU's high import tariffs for non-preferential sugar. As a result, the shortfall in sugar supplies for the EU food market has become chronic, exceeding an estimated 1 million MT in recent years. The situation prompts the industry to pressure the Commission to approve exceptional measures that reduce tariffs on imports and release out-of-quota sugar onto the EU food market.

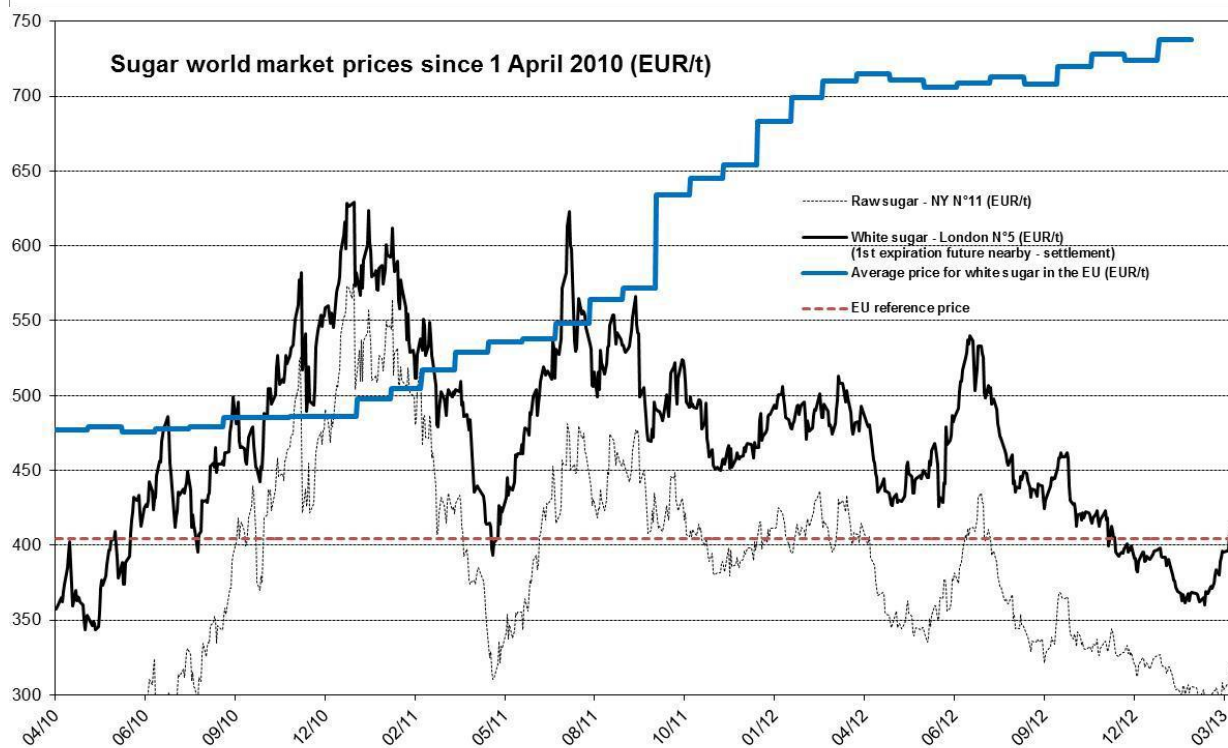
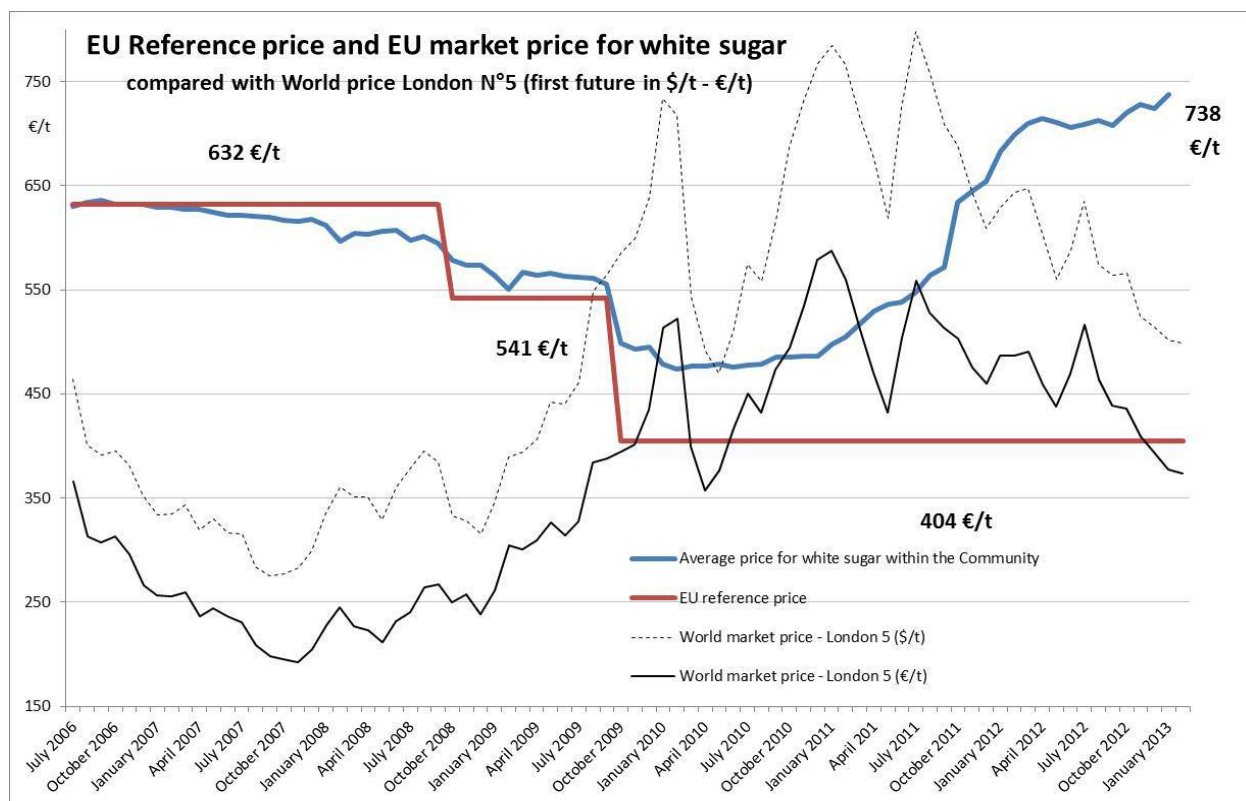
In MY 2009/10, the Commission didn't recognize market signals indicating a shortfall in imports and ensuing supply disruptions in non-producing MS, which drew EU sugar ending stocks down. In MY 2010/11, the Commission could no longer ignore sugar supply shortfalls in some MS and eventually in the spring of 2011 moved 500,000 MT of out-of-quota production to the food market and increased the duty-free sugar import quota by 300,000 MT. Because this additional import quota was hugely oversubscribed, the Commission expanded duty-free imports

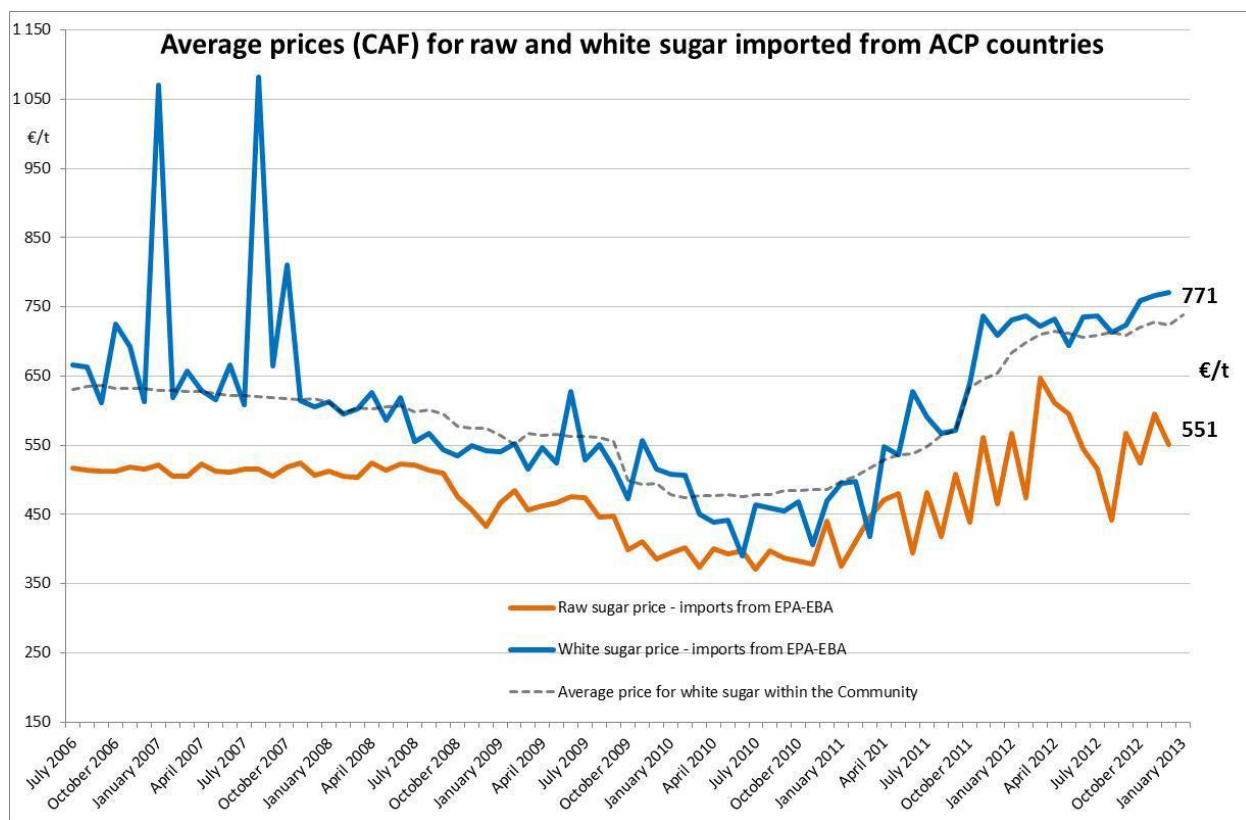
by another 200,000 MT, which was again widely oversubscribed. By summer 2011, the Commission then organized five import tenders at reduced duty yielding 358,000 MT of additional sugar imports. In MY 2011/12, the Commission announced that 400,000 MT of out-of-quota production would be released on the food market at a reduced levy of €85 per MT compared to the usual levy of €500 per MT that processors must pay for selling out-of-quota sugar for food on the EU market. At the same time, the Commission allowed exceptional import tenders at reduced duty, which yielded in total some 400,000 MT of additional imports. However, initially ten tenders were announced but three were cancelled when the Commission thought the market was improving. When it became clear that was not the case, the Commission released another 250,000 MT of out-of-quota production to the food market at a €211 levy. The result of the uncertainty was a doubling of the EU sugar price in only 18 months. To avoid continued problems in MY 2012/13, the Commission agreed to new exceptional measures through reduced duty tendering totaling 1.2 million MT, with 600,000 MT for the release of out-of-quota production to the food market and 600,000 MT of additional sugar imports at reduced duty. These exceptional measures are implemented through four tenders. It is yet unclear whether these measures will sufficiently address potential supply problems going forward. The limited sugar import supply from ACP and LDC countries has led to increased competition between EU sugar importers. The large reduction in EU domestic sugar production mandated by the 2007 Sugar Reform has encouraged EU processors of domestic sugar beet to diversify their business by investing in cane refining and participating in the sugar trade business. Some of these processors succeeded in securing exclusive sugar supply contracts with major ACP and LDC sugar suppliers, further limiting available duty-free cane sugar import supplies for the historical full-time cane refiners. This has led to a bidding race for raw cane sugar supplies since late 2010 as full-time cane refiners struggled to find supplies to meet their refining capacity because of the overall supply shortfalls when LDC countries reduced exports. The shortfall in refining output supply led sugar users in the food industry to seek imports of refined sugar. As a result, when the Commission opened additional sugar import tenders at reduced duty, the competition for licenses pushed tendered minimum import duties up to €312.6/MT for raw cane sugar for refining and €345/MT for refined sugar for the June 2012 tender. This compares to the full EU tariff for raw cane sugar for refining of €339/MT and €419/MT for refined sugar. As a result, spot prices for refined sugar topping €1000/MT have been reported in some MS. While the high EU sugar prices produce huge windfall profits for European sugar processors and farmers, European full-time refiners and food processors, especially the small companies, face sugar supply problems and high sugar sourcing costs. Historical full-time refiners have filed complaints at the European Court of Justice against the European Commission for its management of the European sugar market as part of their fight for survival. While tendered minimum import duties have eased significantly for the latest import tenders for MY 2012/13, EU domestic sugar prices for food are maintaining their high levels because of supply uncertainty and despite sugar prices on the world market having decreased to below the EU reference price. It is expected that EU sugar prices will eventually decrease when new

supply contracts will be signed with food processors at the end of the marketing year. The impact of the EU sugar market supply constraints can be seen in the following EU sugar price reporting graphs from the European Commission. The following table provides an overview of the exceptional measures that the European Commission has taken over the past three marketing years in response to market supply problems.

EU reference price and EU market price for white sugar







Source: European Commission/DG Agri

Overview of Commission Exceptional Measures in View of Market Supply Problems

Commission Exceptional Measures since MY 2010/11	
Date	Measure
MY 2010/11	
February 24, 2011 - Mancom	Commission allows release of 500,000 MT of O-O-Q sugar to the market at zero levy.
March 10, 2011	Opening of exceptional 300,000 MT sugar import TRQ at zero duty voted. Allocation coefficient only 1.80 percent indicating huge oversubscription.
May 26, 2011	Additional exceptional duty-free TRQ for 200,000 MT of sugar imports voted. Allocation coefficient even lower at 1.28 percent.
	Measure to open further sugar import tenders voted.
July 14, 2011 - Mancom	First tender for imports: 55,000 MT of raw cane sugar at minimum duty of 131.11 €/t; 1,644 MT of raw sugar not for refining at 150 €/t and 7,700 MT of white sugar at minimum 217 €/t.
July 28, 2011 - Mancom	Second tender for imports: 141,960 MT of raw cane sugar at minimum duty of 151.05 €/t; 200 MT of raw sugar not for refining at 170 €/t and 10,048 MT of white sugar at minimum 225 €/t.
August 25, 2011 - Mancom	Third tender for imports: 83,535 MT of raw cane sugar at minimum duty of 170.06 €/t; 757 MT of raw sugar not for refining at 190 €/t and 27,440 MT of white sugar at minimum 250 €/t.

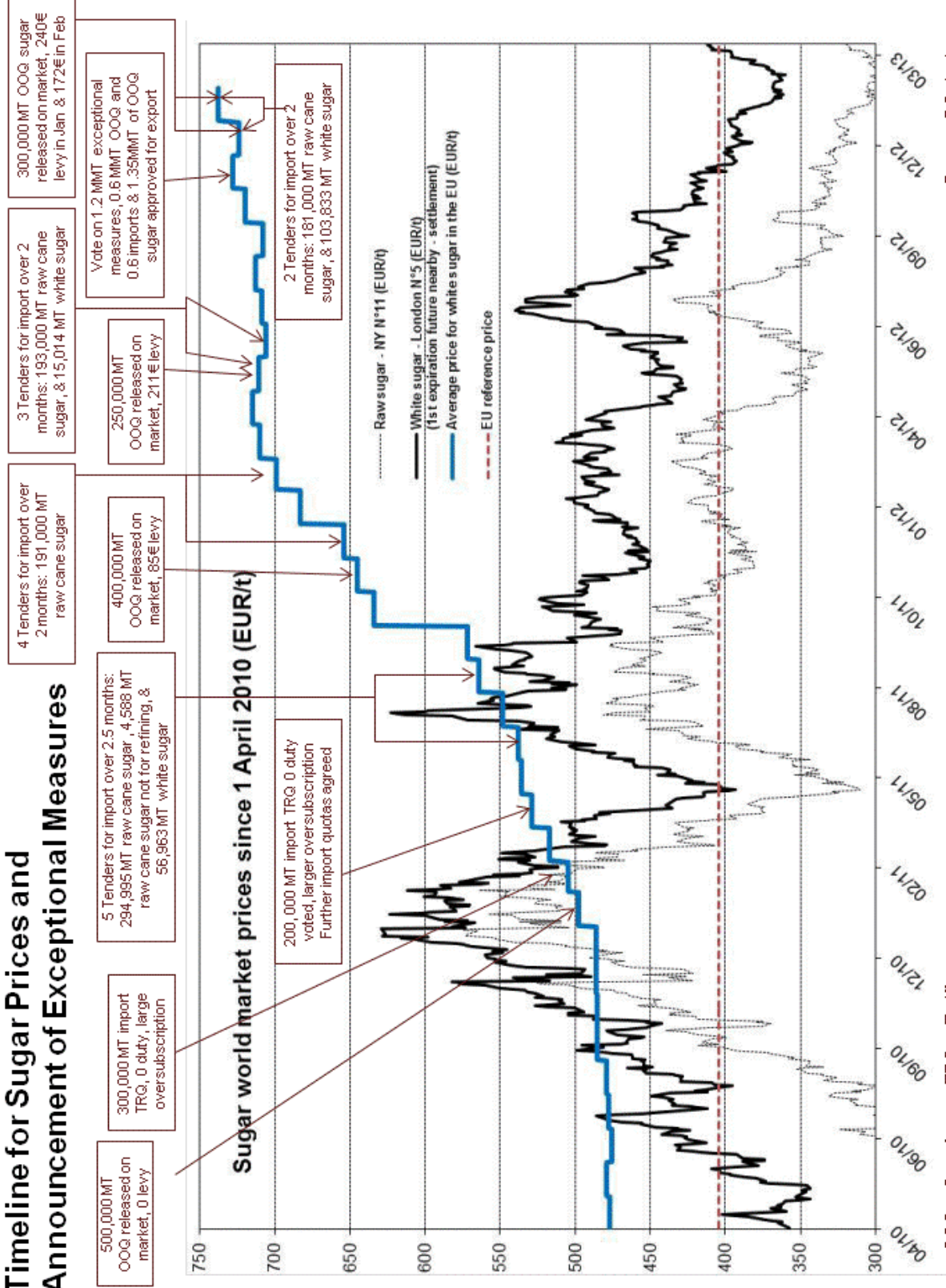
September 15, 2011 - Mancom	Fourth tender for imports: 0 MT of raw cane sugar for refining; 1,160 MT of raw sugar not for refining at 208 €/t and 7,509 MT of white sugar at minimum 275.10 €/t.
September 29, 2011	Fifth tender for imports: 14,500 MT of raw cane sugar at minimum duty of 227 €/t; 827 MT of raw sugar not for refining at 300 €/t and 4,266 MT of white sugar at minimum 308.8 €/t.
MY 2011/2012	
November 24, 2011 - Mancom	Exceptional measure for release of 400,000 MT of O-O-Q sugar at levy of 85 €/t approved.
December 8, 2011	First tender for imports: 100,000 MT of raw cane sugar at minimum duty of 252.5 €/t.
December 15, 2011 - Mancom	Second tender for imports: 36,000 MT of raw cane sugar at minimum duty of 263.5 €/t.
December 22, 2011 - Mancom	Third tender for imports: 15,000 MT of raw cane sugar at minimum duty of 269.16 €/t.
January 12, 2012 - Mancom	Fourth tender for imports: 40,000 MT of raw cane sugar at minimum duty of 270.16 €/t.
May 3, 2012 - Mancom	Fifth tender for imports: 58,000 MT of raw cane sugar at minimum duty of 289.36 €/t and 7,834 MT of white sugar at minimum 320 €/t.
	Additional release of 250,000 MT of O-O-Q sugar at levy of 211 €/t.
May 24, 2012 - Mancom	Sixth tender for imports: 95,000 MT of raw cane sugar at minimum duty of 306 €/t and 2,000 MT of white sugar at minimum 340 €/t.
June 6, 2012 - Mancom	Last tender for imports: 40,000 MT of raw cane sugar at minimum duty of 312.6 €/t and 5,180 MT of white sugar at minimum 345 €/t.
MY 2012/2013	
November 8, 2012 - Mancom	Commission presents plan for exceptional measures for 1.2 mio MT of sugar, with 0.6 mio MT of O-O-Q restored and 0.6 mio MT of additional imports.
December 20, 2012 - Mancom	Exceptional measures for 1.2 mio MT voted.
	Exports of 1.35 mio MT of O-O-Q sugar approved for MY 2012/13.
January 24, 2013	Vote on transitional measure for Croatia accession, providing the transitional import quota for 40,000 MT.
January 28, 2013 - Mancom	First tender for imports: 54,000 MT of raw cane sugar accepted at minimum duty of 195 €/t and 8,540 MT of white sugar at minimum 240 €/t.
	First release of 150,000 MT of O-O-Q sugar at 224 €/t.
February 28, 2013 - Mancom	Second tender for imports: 127,000 MT of raw cane sugar at minimum duty of 141 €/t and 95,293 MT of white sugar at minimum 161 €/t.
	Second release of 150,000 MT of O-O-Q sugar at levy of 172 €/t.
May 2013	Third import tender and O-O-Q release
June 2013	Fourth import tender and O-O-Q release

* Reported prices include long-term contract prices and may not reflect spot market prices.

Mancom: DG Agri Management Committee

Source: European Commission DGAgri

Timeline for Sugar Prices and Announcement of Exceptional Measures



OQ - Out of quota TRQ - Tariff rate quota

The Future of the EU Sugar Quota Regime in the CAP after 2013

The debate about the future of EU sugar policy as part of the new EU CAP has gained new traction after the European Council agreed to the Multi-annual Financial Framework (MFF), which fixes the European budget for 2014-2020. Negotiations between the three EU institutions, the so-called trialogue, are now entering final discussions. The Commission proposal planning to abolish EU sugar production quotas for MS at the end of MY 2014/15 is still preferred by EU sugar users and full-time cane refiners, but EU sugar beet producers and processors are lobbying for an extension of the quota system through MY 2019/20. The European Parliament (EP) voted in their negotiating mandate for the trialogue to pursue an extension of the EU sugar quota system until 2019/20. This mandate follows a [report](#) [1] by French Member of Parliament Michel Dantin who proposed an extension of the sugar quota through 2020, as well as new systems for supply management. The EP mandate also supports restoring sugar quotas to Ireland, Latvia, Portugal, and Slovenia, who lost their quotas in the 2007 Sugar Reform. In the Council, MS are split, voting a negotiating mandate that supports an extension of the EU sugar quota regime for two years through MY 2016/17. The Irish EU Presidency hopes to finalize an agreement in trialogue meetings between the Commission, the Council, and the Parliament by the end of its mandate in June 2013.

EU sugar market constraints from recent years will weigh heavily on the negotiations as the different European institutions seek solutions to the problem and the Commission seeks avoiding the sugar market management problems inherent with the current EU sugar regime. The CAP proposal the Commission put forward would seek to relieve EU sugar supply management problems by ending the sugar production quota regime that resulted from the 2007 Sugar Reform. However, some European sugar market experts warn that the end of production quotas will only result in a further consolidation of the European sugar industry if no measures are taken to facilitate sugar imports by reducing sugar import tariffs. Such measures have not been part of the CAP reform discussion thus far because it would fall under the European trade policy.

Croatia Accession to the EU Scheduled for July 2013

On December 9, 2011, Croatia signed its Treaty of Accession to become the twenty-eighth member of the EU. Croatia plans to accede to the EU on July 1, 2013, following ratification by current MS. [Commission Implementing Regulation \(EU\) No 170/2013](#) [2] details the transitional measures that will apply to the Croatian sugar sector. Upon accession, the Croatia 180,000 MT sugar TRQ for exports to the EU under the EU Balkans agreement will cease to operate. Croatia negotiated a sugar production quota of 192,877 MT of white sugar per year starting in MY2012/13 through MY 2014/15. The accession agreement allows for a temporary import quota of 40,000 MT of sugar imports at a reduced import duty of €98 per MT for three years starting with MY 2012/13. The regulation further stipulates measures to avoid speculation and market disturbance as a result of sugar stocks in Croatia at accession.

Additional Sugar Trade Anticipated as New EU FTAs Come Online

Peru and Colombia

[Peru and Colombia](#) [3] signed an FTA with the EU in June 2012. The ratification procedure for the Peru FTA concluded and the FTA became operational on March 1, 2013. For sugar, the EU granted a TRQ for 22,000 MT of raw sugar, which will increase annually in increments of 660 MT, as well as a TRQ of 10,000 MT of sugar containing products, which increase annually in increments of 300 MT.

The EU FTA with Colombia is also being ratified and could become operational as soon as later in 2013. For sugar, Colombia obtained a TRQ for 62,000MT of raw sugar, which will increase annually in increments of 1,860 MT, and a TRQ for sugar containing products of 20,000 MT, which will increase annually in increments of 600 MT.

Central America

Also in June 2012, the EU signed an FTA with six [Central American countries](#) [4] , Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. The ratification procedure for this FTA could also be finalized before the end of 2013. The EU granted a combined sugar and sugar containing products TRQ for 162,000 MT, which will increase annually by 4,860 MT.

Potential future agreements with sugar producers India and Brazil could also include sugar TRQ.

[1] http://ec.europa.eu/agriculture/capreform/sugar/index_en.htm

[2] Former colonies in Africa, the Caribbean and Pacific used to have preferential market access to the EU under the Cotonou Agreement.

[3] EBA: Everything-But-Arms agreement, giving least-developed countries duty free and quota free access to the EU.

[4] Former colonies in Africa, the Caribbean and Pacific used to have preferential market access to the EU under the Cotonou Agreement.

[1]

[http://www.europarl.europa.eu/RegData/commissions/agri/projet_rapport/2012/485843/AGRI_PR\(2012\)485843_EN.pdf](http://www.europarl.europa.eu/RegData/commissions/agri/projet_rapport/2012/485843/AGRI_PR(2012)485843_EN.pdf)

[2] <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:055:0001:0008:EN:PDF>

[3] <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/andean/>

[4] <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/regions/central-america/>

Production, Supply and Demand Data Statistics:

PSD: EU 27 Sugar, Centrifugal

Attribute	2011/2012	New	2012/2013	New	2013/2014	New
Beginning Stocks (1000 MT)	1,974	1,974	3,637	3,146	0	32,969
Beet Sugar Production (1000 MT)	17,960	17,833	16,100	15,341	0	15,660
Cane Sugar Production (1000 MT)	291	277	290	282	0	280
Total Sugar Production (1000 MT)	18,251	18,110	16,390	15,623	0	15,940
Raw Imports (1000 MT)	2,550	2,453	2,600	2,800	0	2,800
Refined Imp.(Raw Val) (1000 MT)	1,250	957	1,250	1,000	0	1,000
Total Imports (1000 MT)	3,800	3,410	3,850	3,800	0	3,800
Total Supply (1000 MT)	24,025	23,494	23,877	22,569	0	22,709
Raw Exports (1000 MT)	8	4	5	5	0	5
Refined Exp.(Raw Val) (1000 MT)	2,380	2,344	1,495	1,495	0	1,495

Total Exports (1000 MT)	2,388	2,348	1,500	1,500	0	1,500
Human Dom. Consumption (1000 MT)	18,000	18,000	18,000	18,100	0	18,100
Total Use (1000 MT)	18,000	18,000	18,000	18,100	0	18,100
Ending Stocks (1000 MT)	3,637	3,146	4,377	2,969	0	3,109
Total Distribution (1000 MT)	24,025	23,494	23,877	22,569	0	22,709

Source: FAS/USEU

Author Defined:

Notes to the reader:

- This report covers EU 27 sugar markets. As a result, the accession of Croatia to become the 28th EU member state as of July 1, 2013 is not accounted for in this report. However, the change in the preferential trade of sugar from Croatia is being considered.
- In this report, all sugar is in raw sugar equivalent unless otherwise noted.
- The PSD in this report only pertains to sugar as defined by HS 1701. It hence excludes sugar beet production destined for fermentation or other industrial purposes.
- Conversion factors and methods used in this report:
MY = marketing year; for sugar October- September
Raw cane sugar = 1.07 X Refined cane sugar
Raw beet sugar = 1.087 X White (refined) beet sugar
- Sugar imports for EU inward processing purposes are excluded from this report's PSD as they are entirely re-exported as processed products. Inward processing is the EU program under which the import duties for dairy, sugar, and starch containing commodities for processing and subsequent re-export are suspended.

Attachment	Attachment Link
<div>EU_sugar_psd2013_updated.xls</div> <div>Microsoft Office Excel 97-2003 Worksheet</div> <div>25.0 KB</div> <div>EU_sugar_psd2013_updated.xls</div>	Download
<div>Exceptional measures.gif</div> <div>GIF File</div> <div>107 KB</div> <div>Exceptional measures.gif</div>	Download

